

EXHIBIT “B”

E-Filed on July 24, 2007

Robert J. Moore
 Tyson M. Lomazow
 MILBANK, TWEED, HADLEY & McCLOY, LLP
 1 Chase Manhattan Plaza
 New York, NY 10005
 Telephone No.: (212) 530-5367
 Facsimile No.: (212) 822-5367

Peter C. Bernhard (Nevada Bar No. 0734)
 Georganne W. Bradley (Nevada Bar No. 1105)
 BULLIVANT HOUSER BAILEY PC
 3883 Howard Hughes Pkwy., Ste. 550
 Las Vegas, NV 89169
 Telephone No.: (702) 669-3600
 Facsimile No.: (702) 650-2995
 E-Mail: peter.bernhard@bullivant.com

Counsel for Compass Financial Partners LLC and
 Compass USA SPE LLC

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor.	Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor.	Chapter 11
In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.	Jointly Administered Under Case No. BK-S-06-10725 LBR
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.	DECLARATION OF TYSON M. LOMAZOW IN SUPPORT OF MOTION OF COMPASS FINANCIAL PARTNERS LLC FOR ORDER PURSUANT TO 11 U.S.C. § 105 COMPELLING COMPLIANCE WITH JUNE 20, 2007 RULING OF THE BANKRUPTCY COURT
Affects: <input type="checkbox"/> All Debtors <input checked="" type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC <input type="checkbox"/> USA First Trust Deed Fund, LLC	Date: tbd Time: tbd

I, Tyson M. Lomazow, declare as follows:

1. I am duly licensed to practice law in the State of New York, and admitted *pro hac vice* to practice in the United States Bankruptcy Court for the District of Nevada in the above-referenced chapter 11 cases. I am an associate with the law firm of Milbank, Tweed, Hadley & McCloy LLP, (“Milbank”), counsel for Compass USA SPE LLC, and its servicer, Compass Financial Partners LLC (together, “Compass”), the purchaser of substantially all of the assets of USA Capital First Trust Deed Fund, LLC (“FTDF”) and certain assets of USA Commercial Mortgage Company (“USACM”). I submit this declaration in support of the Motion of Compass Financial Partners LLC for Order Pursuant to 11 U.S.C. § 105 Compelling Compliance with June 20, 2007 Ruling of the Bankruptcy Court (the “Motion”). I have personal knowledge of the facts stated in this declaration and, if called upon to do so, would testify competently thereto at trial.

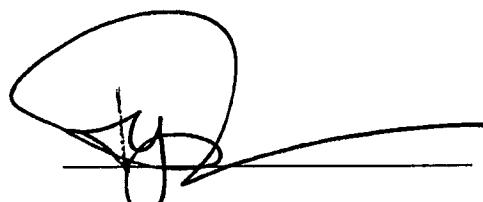
2. By and through its Motion, Compass is requesting the Court enter an Order compelling compliance with its June 20, 2007 ruling, whereby the Court ruled that the purported May 18, 2007 termination of Compass as servicer of fifty (50) loans was ineffectual, and that Compass remains the loan servicer for all the Loans, subject to further Order of the Court. The Bankruptcy Court further ordered Donna Cangelosi to mail correspondence to the borrower in each loan subject of the purported termination (collectively, the “Borrowers”) advising them Cangelosi’s prior May 18, 2007 correspondence to such Borrowers was void and of no effect, and that Compass remains the exclusive entity authorized to act on behalf of the lenders on the loans, and all payments on the loans should continue to be made directly to Compass pending further order of the Court.

3. By letter dated July 10, 2007 (the "July 10 Letter"), Compass informed Cangelosi's counsel, Alan R. Smith, Esq., that lenders affiliated with Cangelosi believed they remained authorized to contact Borrowers directly in an effort to negotiate payment of their loans, an action damaging to Compass and directly in conflict with the May 31, 2007 and June 20, 2007 rulings of this Court. Attached hereto as Exhibit "A" is a true and correct copy of the July 10 Letter. In the July 10 Letter, Compass demanded that Mr. Smith acknowledge he would inform his clients of this Court's rulings that lenders were enjoined from contacting Borrowers in such fashion. The July 10 Letter has gone unanswered.

4. Similarly, by letter dated July 20, 2007 (the "July 20 Letter"), Compass demanded of Mr. Smith that (i) his clients cease and desist from engaging in communication with Borrowers which undermine Compass' exclusive authority to service the loans, and (ii) he provide Compass with a draft of a Rescission Letter by no later than Monday, July 23, 2007. Attached hereto as Exhibit "B" is a true and correct copy of the July 20 Letter. The July 20 Letter also has gone unanswered.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated this 24th day of July, 2007.



Tyson M. Lomazow

EXHIBIT “A”

MILBANK, TWEED, HADLEY & MCCLOY LLP

1 CHASE MANHATTAN PLAZA

LOS ANGELES
213-892-4000
FAX: 213-629-5063

NEW YORK, N.Y. 10005-1413

MUNICH
49-89-25559-3600
FAX: 49-89-25559-3700

WASHINGTON, D.C.
202-835-7500
FAX: 202-835-7586

212-530-5000
FAX: 212-530-5219

TOKYO
813-3504-1050
FAX: 813-3595-2790

LONDON
44-207-448-3000
FAX: 44-207-448-3029

HONG KONG
852-2871-4888
FAX: 852-2840-0792

FRANKFURT
49-69-71914-3400
FAX: 49-69-71914-3500

E-MAIL: tlomazow@milbank.com

SINGAPORE
65-6428-2400
FAX: 65-6428-2500

July 10, 2007

BY E-MAIL AND OVERNIGHT MAIL

Alan R. Smith, Esq.
Law Offices of Alan R. Smith
505 Ridge Street
Reno, NV 89501

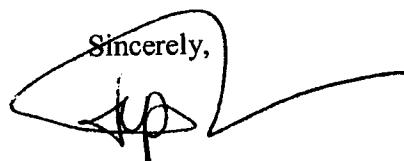
**Re: In re USA Commercial Mortgage Company (“USACM”), et al.,
Chapter 11 Case No. 06-10725 (Jointly Administered)**

Dear Alan:

As you know, we represent Compass USA SPE LLC and Compass Financial Partners LLC (together, “Compass”), the acquirer of substantially all of the assets of USACM and its debtor affiliate, USA Capital First Trust Deed Fund, LLC, in the above-referenced chapter 11 cases. Pursuant to Nevada Local Bankruptcy Rule 9021, enclosed herewith please find a proposed Supplemental Order Re: Emergency Motion of Compass Financial Partners LLC For Order Pursuant to 11 U.S.C. §§ 105 and 1141 Enforcing Confirmation Order and For Civil Contempt Sanctions (the “Order”). The Order sets forth Judge Riegle’s bench ruling of June 20, 2007 with respect to the Emergency Motion of Compass Financial Partners LLC For Order Pursuant to 11 U.S.C. §§ 105 and 1141 Enforcing Confirmation Order and For Civil Contempt Sanctions. In accordance with Local Rule 9021, kindly indicate your approval or disapproval of the proposed form of Order within three days hereof.

Moreover, it has come to our attention that notwithstanding Judge Riegle’s ruling on June 20, 2007, certain lenders believe they are authorized to contact borrowers directly in an effort to negotiate payment of their loans. Such action is damaging to Compass, and is directly

contrary to Judge Riegle's June 20, 2007 ruling. Compass therefore demands you confirm to us that you will provide a copy of the Order to each lender you represent.

Sincerely,

Tyson M. Lomazow

cc: George A. Davis, Esq.
Georganne Bradley, Esq.

BullivantHouserBailey PC
 3980 Howard Hughes Pkwy., Suite 550
 Las Vegas, NV 89169
 Telephone: (702) 650-6565
 Facsimile: (702) 650-2995

George A. Davis
 CADWALADER, WICKERSHAM & TAFT
 One World Financial Center
 New York, NY 10281
 Telephone No.: (212)504-6000
 Facsimile No.: (212) 504-6666

Tyson M. Lomazow
 MILBANK, TWEED, HADLEY & McCLOY, LLP
 1 Chase Manhattan Plaza
 New York, NY 10005
 Telephone No.: (212) 530-5367
 Facsimile No.: (212) 822-5367

Counsel for Compass Financial Partners LLC

Peter C. Bernhard (Nevada Bar No. 0734)
 Georganne W. Bradley (Nevada Bar No. 1105)
 BULLIVANT HOUSER BAILEY PC
 3980 Howard Hughes Pkwy., Ste. 550
 Las Vegas, NV 89169
 Telephone No.: (702) 650-6565
 Facsimile No.: (702) 650-2995
 E-Mail: peter.bernhard@bullivant.com

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor.	Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor.	Chapter 11
In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.	Jointly Administered Under Case No. BK-S-06-10725 LBR
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.	SUPPLEMENTAL ORDER RE: EMERGENCY MOTION OF COMPASS FINANCIAL PARTNERS LLC FOR ORDER PURSUANT TO 11 U.S.C. §§ 105 AND 1141 ENFORCING CONFIRMATION ORDER AND FOR CIVIL CONTEMPT SANCTIONS
Affects: <input type="checkbox"/> All Debtors <input checked="" type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC	Date: June 20, 2007 Time: 10:30 a.m.

	USA First Trust Deed Fund, LLC
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On June 20, 2007, the Court conducted a continued hearing to determine whether it had subject matter jurisdiction to consider the Motion of Compass Financial Partners LLC and Compass USA SPE LLC (together, "Compass") for Order Pursuant to 11 U.S.C. §§ 105 and 1141 Enforcing Confirmation Order and for Civil Contempt Sanctions (the "Motion"), which was filed by Compass on May 25, 2007, and the Complaint for Declaratory Relief and Damages filed on May 21, 2007 in the United States District Court for the District of Nevada entitled *3685 San Fernando Lenders, LLC, et al. vs. Compass USA SPE, LLC, et al.*, Case No. 07-CV-0224-ECR-VAC (the "Complaint"), which was removed by Compass to, and is currently pending before, this Court in Adv. Proc No. 07-01076 (the "Adversary Proceeding"). Appearances of counsel were noted on the record at the hearing. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

The Court having heard oral argument of counsel and other interested persons, having read and considered all pleadings and papers filed in support of and in opposition to the Motion, and having read and considered all statements made, and all pleadings and papers on file herein, that are, in the opinion of this Court, relevant to the issues currently before the Court, and for good cause appearing,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the Court has subject matter jurisdiction over the Motion and the Adversary Proceeding for the reasons stated in this Court's memorandum decision dated July 2, 2007; and

IT IS FURTHER ORDERED that jurisdiction shall remain with this Court to consider the Motion and the Adversary Proceeding unless and until the United States District Court for the District of Nevada orders that the reference be withdrawn; and

IT IS FURTHER ORDERED that the Court shall deem and treat the Motion as an adversary proceeding to permit the parties to commence discovery on the issues addressed in the Motion; and

1 IT IS HEREBY ORDERED that, pending further order of the Court, (i) the status quo as
 2 of May 15, 2007 is further preserved such that Compass shall be and remain the loan servicer
 3 with respect to all loans for which it acquired servicing rights pursuant to that certain Asset
 4 Purchase Agreement dated December 8, 2006, approved by Order of this Court entered January
 5 8, 2007 (each a "Loan," and collectively, the "Loans"); and

6 IT IS FURTHER ORDERED that, pending further order of the Court, all amounts due
 7 and owing under or in connection with the Loans (the "Payments") shall continue to be paid
 8 directly to Compass; and

9 IT IS FURTHER ORDERED that, pending further order of the Court, Compass shall be
 10 entitled to deduct and retain from Payments received the amount of its accrued and unpaid
 11 servicing fees then due to Compass, provided, however, that any amounts relating to default
 12 interest, late charges, or other fees shall be held in the Direct Lender remittance account
 13 established and maintained by Compass, and provided, further, that notwithstanding the above,
 14 in the event Compass receives Payments from a borrower in respect of a Loan (i) in which
 15 Compass holds one-hundred percent (100%) of the beneficial interests of record, or (ii) which
 16 satisfy in full all obligations due and owing under the governing loan documents (including
 17 default interest, late charges, and other fees), then Compass shall be permitted to deduct and
 18 retain from such Payments received any amounts relating to default interest, late charges, and
 19 other fees; and

20 IT IS FURTHER ORDERED that in the event Direct Lenders who have attempted to
 21 terminate Compass as loan servicer hold one-hundred percent (100%) of the beneficial interests
 22 of record in a Loan, they shall have the right to direct Compass not to take any further action to
 23 pursue recovery from borrower of outstanding amounts due with respect to such Loan;
 24 provided, however, that Compass shall remain loan servicer of such Loan, pending further order
 25 of the Court; and

26 IT IS FURTHER ORDERED that pending further order of the Court, no Direct Lender
 27 shall send notice to Compass or any borrower under a Loan purporting to terminate, or to have
 28 terminated, Compass as loan servicer; and

1 IT IS FURTHER ORDERED that pending further order of the Court, any prior or future
2 attempted termination or replacement of Compass as loan servicer with respect to a Loan, and
3 any letter to Compass or a borrower purporting to terminate or replace Compass as loan servicer
4 with respect to a Loan, is ineffective; and

5 IT IS FURTHER ORDERED that pending further order of the Court, no Direct Lender
6 shall initiate contact with the borrower in any Loan which (i) undermines Compass' exclusive
7 authority to act on behalf of the Direct Lenders as loan servicer, or (ii) purports that an entity
8 other than Compass is authorized to negotiate with the borrower on behalf of the Direct Lenders
9 in such Loan; and

10 IT IS FURTHER ORDERED that within three (3) business days of the date of entry of
11 this Order, the Law Offices of Alan R. Smith, on behalf of the Direct Lenders who attempted to
12 terminate Compass as loan servicer on May 18, 2007, shall mail correspondence (previously
13 reviewed and approved by Compass) to the borrower on each Loan for which Direct Lenders
14 attempted to terminate Compass as servicer on May 18, 2007, enclosing a copy of this Order
15 and providing that (i) such Direct Lenders' May 18, 2007 correspondence to each such borrower
16 was ineffectual, (ii) Compass remains the exclusive entity authorized to act on behalf of the
17 Direct Lenders in such Loan, and (iii) all payments on the Loan should continue to be made
18 directly to Compass, pending further order of the Court; and

19 IT IS FURTHER ORDERED that this Court shall hold a status conference with respect
20 to the Motion and the Adversary Proceeding on August 17, 2007 at 10:30 a.m.; and

21 IT IS FURTHER ORDERED that prior to August 17, 2007, Compass shall not complete
22 a foreclosure sale of any real property collateral for any Loan (the "Collateral") absent further
23 order of the Court or the approval of the holders of fifty-one percent (51%) or more of the
24 beneficial interests of record in the particular Loan; provided that (i) Compass remains
25 authorized to continue to initiate and pursue foreclosure sales with respect to Collateral up until
26 the point of completing such sales, and (ii) subject to this Court's calendar, Compass shall be
27 permitted to schedule a hearing with respect to a request for Court approval to complete a
28 foreclosure sale at least seven (7) days notice to the Law Offices of Alan R. Smith.

Bullivant|Houser|Bailey PC
3980 Howard Hughes Pkwy., Suite 550
Las Vegas, NV 89169
Telephone: (702) 650-6565
Facsimile: (702) 650-2995

Bullivant|Houser|Bailey PC

3980 Howard Hughes Pkwy., Suite 550
Las Vegas, NV 89169
Telephone: (702) 650-6565
Facsimile: (702) 650-2995

1

2 **Submitted by:**

3 CADWALADER WICKERSHAM & TAFT
-and-
4 MILBANK, TWEED, HADLEY & McCLOY, LLP
-and-
5 BULLIVANT HOUSER BAILEY PC

6

7 By: /s/ Georganne W. Bradley
Georganne W. Bradley, Esq.

8

Attorneys for Compass Financial Partners

9

10 **Approved/Disapproved by:**

11 LAW OFFICES OF ALAN R. SMITH

12

13 By: Alan R. Smith.

14

Attorneys for Lenders Protection Group

15

16 **Approved/Disapproved by:**

17 OFFICE OF THE U.S. TRUSTEE

18

19 By: August B. Landis, Esq.

20

21

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In accordance with Local Rule 9021, the undersigned certifies:

_____ The court waived the requirements of LR 9021.

No parties appeared or filed written objections, and there is no trustee appointed in the case.

I have delivered a copy of this proposed order to all counsel who appeared at the hearing, any unrepresented parties who appeared at the hearing, and any trustee appointed in this case, and each has approved or disapproved the order, or failed to respond, as indicated below:

Alan R. Smith, Esq. : _____

Office of U.S. Trustee: _____

BULLIVANT Houser Bailey P.C.

By: _____
Georganne W. Bradley, Esq.

Bullivant|Houser|Bailey PC
3980 Howard Hughes Pkwy, Suite 550
Las Vegas, NV 89169
Telephone: (702) 650-6565
Facsimile: (702) 650-2995

EXHIBIT “B”

MILBANK, TWEED, HADLEY & MCCLOY LLP

601 SOUTH FIGUEROA STREET

NEW YORK
212-530-5000
FAX: 212-530-5219

WASHINGTON, D.C.
202-835-7500
FAX: 202-835-7586

PALO ALTO
650-739-7000
FAX: 650-739-7100

LONDON
44-207-448-3000
FAX: 44-207-448-3029

THIRTIETH FLOOR
LOS ANGELES, CA 90017-5735

213-892-4000
FAX: 213-629-5063

E-MAIL: tlomazow@milbank.com

FRANKFURT
49-69-7593-7170
FAX: 49-69-7593-8303

TOKYO
813-3504-1050
FAX: 813-3595-2790

HONG KONG
852-2971-4888
FAX: 852-2840-0792

SINGAPORE
65-6428-2400
FAX: 65-6428-2500

July 20, 2007

BY E-MAIL AND OVERNIGHT MAIL

Alan R. Smith, Esq.
Law Offices of Alan R. Smith
505 Ridge Street
Reno, NV 89501

**Re: In re USA Commercial Mortgage Company (“USACM”), et al.,
Chapter 11 Case No. 06-10725 (Jointly Administered)**

Dear Mr. Smith:

We write to you on behalf of Compass USA SPE LLC and Compass Financial Partners LLC (together, “Compass”) in respect of the U.S. Bankruptcy Court for the District of Nevada’s June 20, 2007 bench ruling issued in connection with the Emergency Motion Of Compass Financial Partners LLC For Order Pursuant to 11 U.S.C. §§ 105 and 1141 Enforcing Confirmation Order And For Civil Contempt Sanctions (the “Emergency Motion”). The Emergency Motion was filed in the above-referenced chapter 11 cases on May 25, 2007.

As you are aware, on June 20, 2007, Judge Linda Riegle directed your office to immediately mail correspondence to the borrowers in fifty loans serviced by Compass (collectively, the “Borrowers”) rescinding the May 18, 2007 correspondence sent by your client, Ms. Donna Cangelosi, to such Borrowers which erroneously declared that Compass was not authorized to act on behalf of the lenders for any purpose, and that any payment made by a Borrower to Compass would be at the Borrower’s own “peril.” Specifically, Judge Riegle ordered your office to notify the Borrowers that Cangelosi’s May 18, 2007 correspondence to each Borrower was ineffectual, Compass remains the exclusive entity authorized to act on behalf of the lenders on the loans, and all payments on the loans should continue to be made directly to

Compass. Despite nearly a month passing since Judge Riegle's bench ruling, and the simplicity of the ordered communication, your office has failed to provide any draft communication to Compass, nor does it appear that the ruling has been otherwise communicated to Borrowers.

Furthermore, by letter dated July 10, 2007 (the "July 10 Letter"), you were notified that Compass has learned that certain of your clients believe they are authorized to contact Borrowers directly in an effort to negotiate payment of their loans. Notwithstanding Judge Riegle's bench ruling and the July 10 Letter, you have failed to take any action to prevent these acts from occurring. Compass demands that your clients cease and desist from engaging in any such activity, which is damaging to Compass and contrary to Judge Riegle's bench ruling. Compass further demands that you provide our office with a draft communication to Borrowers, as outlined above in accordance with Judge Riegle's bench ruling, by no later than Monday, July 23, 2007 at 5:00 p.m. (Pacific).

If you fail comply with the contents of this letter, Compass reserves its right to take appropriate action in the Bankruptcy Court.

Sincerely,



Tyson M. Lomazow

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